



March 20, 2007

Los Angeles County
Board of Supervisors

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*To improve health
through leadership,
service and education.*



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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple
Los Angeles, California 90012

**APPROVAL OF THREE AMENDMENTS FOR
DIAGNOSTIC AND THERAPEUTIC SERVICES FOR HIGH
DESERT HEALTH SYSTEM
(5th District) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize and instruct the Director of Health Services, or his designee, to offer and sign: 1) Amendment No. 4 to Agreement No. H-210779, substantially similar to Exhibit I, with RadNet Management, Inc. (RadNet), to revise the scope of diagnostic and therapeutic services for High Desert Health System (HDHS) and include nuclear medicine studies; 2) Amendment No. 4 to Agreement No. H-210778, substantially similar to Exhibit II, with Valley Tumor Radiation Medical Group (Valley Tumor); and 3) Amendment No. 3 to Agreement No. H-210777, substantially similar to Exhibit III, with Lancaster Cardiology Medical Group (Lancaster), for the continued provision of diagnostic and therapeutic services, extending the term of each agreement for an additional two years, effective April 1, 2007 through March 31, 2009. Annual cost is estimated to be \$717,000, for all three agreements, consisting of \$237,000 for Valley Tumor, \$210,000 for Lancaster and \$270,000 for Radnet, with an estimated total maximum obligation of \$1,434,000. The contract costs will be unchanged from previous years.
2. Delegate authority to the Director of Health Services, or his designee, to extend the term of all three Agreements, month-to-month, for a maximum of three months, effective April 1, 2009 through June 30, 2009, for an additional estimated total maximum obligation of \$179,250.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving this action, the Board is authorizing the Director of Health Services or his designee to offer and sign amendments with three providers in the Antelope Valley area to ensure the continued provision of diagnostic and therapeutic services to patients of HDHS.

Board approval of this action will also authorize the Department of Health Services (DHS or Department) to allow HDHS to outsource the nuclear medicine service and the recommended Contractor to provide these services will be RadNet.

FISCAL IMPACT/FINANCING:

The annual maximum obligation for these services is \$237,000 for Valley Tumor, \$210,000 for Lancaster and \$270,000 for Radnet, for a total annual maximum obligation of \$717,000. With the Board approval of the three Amendments, the total maximum obligation, effective April 1, 2007 through March 31, 2009, will be \$1,434,000. The contract costs will be unchanged from previous years.

The estimated maximum obligation for the additional extension month-to-month extension, effective April 1, 2009 through June 30, 2009, will be approximately \$59,250 for Valley Tumor, \$52,500 for Lancaster and \$67,500 for Radnet, for a total of \$179,250.

The total maximum obligation for the three Amendments for the total contract term, effective April 1, 2007 through June 30, 2009, will be \$1,613,250.

Funding for these amendments is included in the HDHS Fiscal Year 2006-07 Final Budget and will be requested in future fiscal years.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS:

Since 1982, HDHS has acquired several diagnostic and therapeutic services through agreements with contractors in the Antelope Valley area. The purpose of these agreements is to provide HDHS patients with access to certain diagnostic and therapeutic services, which are not available at HDHS.

The Board approved sole source Agreements with the companies of Valley Tumor, Lancaster and Antelope Valley MRI (Antelope Valley) on the dates of April 22, 1986, June 30, 1987, and March 11, 1997, respectively.

On March 30, 1999, your Board approved new sole source Agreements with Valley Tumor, Lancaster and Antelope Valley to extend the provision of these services effective April 1, 1999 through March 31, 2001.

On March 20, 2001, the Board approved Amendment No. 1 for Antelope Valley, Lancaster and Valley Tumor extending the term of the Agreements for three years, through March 31, 2004.

After High Desert Hospital was changed from a hospital setting to a multi-service ambulatory care center in May 2003, the need for outpatient visits for diagnostic and therapeutic services increased.

On March 16, 2004, the Board approved Amendment No. 2 for Valley Tumor, Antelope Valley and Lancaster to expand their services to include additional diagnostic and therapeutic services to cover routine and emergency services, including mammography, ultrasound and nuclear medicine studies. These amendments extended the term of the Agreements for an additional three years and expanded the scope of services for back up and overflow services when the equipment at HDHS was inoperable.

HDHS attempted to refer patients to Olive View-UCLA Medical Center (Olive View), but the facility is approximately 50 miles away from HDHS and this presented a hardship for its patients.

On October 11, 2005, the Board approved Amendment No. 3, after DHS received notification that Antelope Valley MRI was a fictitious name for RadNet Management, Inc. As a corrective action, RadNet provided the Department with their Articles of Incorporation for RadNet and a fictitious name permit issued by the State of California. Subsequently, all references in Agreement No. H-210779 to Antelope Valley MRI have been changed to RadNet Management, Inc., doing business as Antelope Valley MRI.

On October 18, 2005, the Board approved Amendment No. 3 for Valley Tumor to expand the diagnostic and therapeutic services to cancer patients referred by Olive View and add additional procedures.

The Amendments will add the provision of nuclear medicine services and extend the term of the agreements for two years. The Chairman of Radiology for HDHS retired in July 2005 and the facility has been unable to recruit a qualified physician to fulfill the State of California nuclear medicine certification requirements. HDHS does not have a qualified radiologist or nuclear medicine technologist and has been unsuccessful in recruiting qualified personnel for approximately three years. These services will be provided by Radnet.

HDHS will also terminate the nuclear medicine license and equipment lease agreement and end the purchasing of isotopes at a cost savings of approximately \$7,000 per month or \$84,000 per year. RadNet currently provides the County basic diagnostic and therapeutic procedures and the Amendment will expand their scope of work to provide all nuclear medicine studies for HDHS. Therefore, the Department plans to completely outsource the nuclear medicine service, which will eliminate the need for leasing the nuclear medicine equipment and the purchasing of isotopes. HDHS will surrender its nuclear medicine license to the California Department of Health Services, Radiologic Health Branch.

Lancaster and Valley Tumor will continue to perform cardiology diagnostic procedures and radiation therapy. Services include performing the procedures, studies, treatment, read and interpret all procedures and tests at their facilities will provide HDHS with the results. The contractors will bill the County for services rendered on a monthly basis per procedure at the negotiated Medi-Cal global fee-for-service rate.

HDHS administration will continue to monitor these contractors performance to assure compliance with the terms and conditions of the agreements.

The Department has determined that these services cannot be performed adequately by County staff and it is difficult to find qualified personnel to perform these services for the period of time it is needed.

Under the termination provision of the Agreements, the Agreements may be terminated immediately for breach or for convenience with a 30-day advance written notice by either party.

Attachment A provides additional information and Attachment B provides the contractors addresses and contact persons.

County Counsel has approved Exhibits I, II, and III as to use and form.

CONTRACTING PROCESS:

A search for available companies who could potentially provide nuclear medicine services and diagnostic therapeutic services was conducted several years ago. Sole source Agreements with three providers were completed to address the service needs of the Antelope Valley area.

An open competitive solicitation was not conducted for the requested extension of these contracts because the current Contractors who have been providing these services for several years are the best positioned to continue the uninterrupted provision of these critical services in the Antelope Valley area.

Additionally, the shortage of qualified and interested companies in the Antelope Valley area does not support the release and completion of a Request for Proposal process, however the Department plans to prepare and distribute a Letter of Interest in early 2008 to solicit the level of interest that may exist for the provision of these services for the High Desert Antelope Valley area. If the analysis reveals that the existing Contractors are the only available and qualified providers, the Department will initiate a request for Board approval for new sole source Agreements with these Contractors.

The Department has determined that these services do fall under the Proposition A guidelines, however due to the shortage of available providers, are not subject to the Living Wage Ordinance.

The Honorable Board of Supervisors
March 20, 2007
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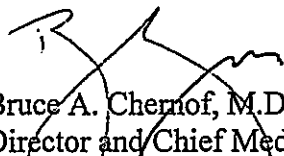
The planned Letter of Interest will be advertised on the Office of Small Business Countywide Web Site (OSB).

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the amendments will ensure that all necessary diagnostic and therapeutic services are provided with continuity of care to HDHS patients.

When approved, the Department requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:ks
HDHSBoardLtr2007.ks.wpd

Attachments (4)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT
(Diagnostic and Therapeutic Services)

1. **TYPE OF SERVICE:**

Lancaster Cardiology Medical Group, Valley Tumor Radiation Medical Group and RadNet Management, Inc. will provide nuclear medicine, diagnostic and therapeutic services for the High Desert Health System.

2. **AGENCY ADDRESS AND CONTACT PERSON(S):**

Contract No. H-210777
Lancaster Cardiology Medical Group
43847 North Heaton Avenue
Lancaster, California 93534
Attention: Martha Son
Telephone: (661) 948-3417

Contract No. H210779
RadNet Management, Inc.
1510 Cotner Avenue
Los Angeles, California 90025
Attention: Espie Gamboa
Telephone: (310) 445-2800

Contract No. H-210778
Valley Tumor Radiation Medical Group
876 West Lancaster Blvd.
Lancaster, California 93534
Attention: Darla Manley
Telephone: (661) 949-3712

3. **TERM OF AGREEMENT:**

April 1, 2007 through March 31, 2009.
Month-to-month, April 1, 2009 through June 30, 2009.

4. **FINANCIAL INFORMATION:**

The maximum County obligation of the proposed Amendment is \$1,434,000, effective April 1, 2007 through March 31, 2009, and \$179,250 for the month-to-month extension, effective April 1, 2007 through June 30, 2009.

5. **GEOGRAPHIC AREA TO BE SERVED:**

Fifth District

6. **ACCOUNTABLE FOR MONITORING:**

Beryl Brooks, Chief Executive Officer

7. **APPROVALS:**

Chief Executive Officer:	Beryl Brooks, CEO
Contracts and Grants:	Cara O'Neill, Chief
County Counsel (approval as to use):	Maya Lee, Deputy

DIAGNOSTIC AND THERAPEUTIC PROVIDERS

Providers	<u>Estimated Cost/Year</u>	<u>2-Year Estimated Cost</u>	<u>Month-to Month Extension</u>
1. Contract No. H-210777 Lancaster Cardiology Medical Group 43847 North Heaton Avenue Lancaster, California 93534 Attention: Martha Son Telephone: (661) 948-3417	\$210,000	\$ 420,000	\$ 52,500
2. Contract No. H210779 RadNet Management, Inc. 1510 Cotner Avenue Los Angeles, California 90025 Attention: Espie Gamboa Telephone: (310) 445-2800	\$270,000	\$ 540,000	\$ 67,500
3. Contract No. H-210778 Valley Tumor Radiation Medical Group 876 West Lancaster Blvd. Lancaster, California 93534 Attention: Darla Manley Telephone: (661) 949-3712	\$237,000	\$ 474,000	\$ 59,250
TOTAL	\$717,000	\$1,434,000	\$ 179,250
GRAND TOTAL:			\$1,613,250

FACT SHEET

**Re: APPROVAL OF THREE AMENDMENTS FOR DIAGNOSTIC AND THERAPEUTIC SERVICES
FOR HIGH DESERT HEALTH SYSTEM**

5th District

CONTACT PERSON:

Beryl Brooks, CEO
High Desert Health System
44900 N. 60th St., West
Lancaster, California 93536
Telephone: (818) 364-3002
email: brbrooks@ladhs.org

SUBJECT:

Authorize and instruct the Director of Health Services, or his designee, to approve amendments with RadNet Management, Inc., Valley Tumor Radiation Medical Group, and Lancaster Cardiology Medical Group for the provision of nuclear medicine services and diagnostic and therapeutic services for High Desert Health System (HDHS).

REQUESTED ACTION:

The Board is being asked to authorize and instruct the Director of Health Services, or his designee, to offer and sign: 1) Amendment No. 4 to Agreement No. H-210779, with RadNet Management, Inc. (Radnet) to revise the scope of diagnostic and therapeutic services, and to also provide all the nuclear medicine studies; 2) Amendment No. 4 to Agreement No. H-210778, with Valley Tumor Radiation Medical Group (Valley Tumor); and 3) Amendment No. 3 to Agreement No. H-210777, with Lancaster Cardiology Medical Group (Lancaster), extending the term of each agreement for an additional two years through March 31, 2009, with delegated authority to extend the contract term month-to-month for a maximum of three months through June 30, 2009. The existing agreements will expire March 31, 2007.

PROGRAM:

Contractors provide diagnostic and therapeutic procedures at their facilities in the Antelope Valley area. The Agreements will continue to provide both routine and emergency diagnostic and therapeutic services.

HDHS will outsource the nuclear medicine service because the facility does not have a qualified radiologist or nuclear medicine technologist on-site. HDHS has been unsuccessful in recruiting qualified personnel for approximately three years and therefore will also discontinue the nuclear medicine equipment lease agreement and the purchasing of the isotopes at a County cost savings of approximately \$7,000 per month.

The Amendments will extend the current contract terms two years and request delegated authority for an additional month-to-month extension for a maximum of three additional months.

FACT SHEET (Cont'd)

FUNDING:

The annual cost, by Contractor for these services is approximately \$237,000 for Valley Tumor, \$210,000 for Lancaster and \$270,000 for Radnet, for a total cost of \$717,000. With the Board approval of these three Amendments, the total maximum obligation, effective April 1, 2007 through March 31, 2009, will be \$1,434,000. The estimated maximum obligation for the additional extension month-to-month, effective April 1, 2009 through June 30, 2009, will be approximately \$59,250 for Valley Tumor, \$52,500 for Lancaster and \$67,500 for Radnet, for a total of \$179,250. The total maximum obligation for the three Amendments for the total contract term, effective April 1, 2007 through June 30, 2009, will be \$1,613,250. Funding for these amendments is included in the Fiscal Year 2006-07 Final Budget and will be requested in future fiscal years.

TERMINATION PROVISIONS:

Contracts may be terminated with 30-day advance written notice by County.

TERM OF THE CONTRACT:

April 1, 2007 through March 31, 2009.

Month-to-month extension, April 1, 2009 through June 30, 2009.

AUTOMATIC RENEWAL:

No.

FIRST BOARD APPROVED CONTRACT:

April 22, 1986 and June 30, 1987.

CONTRACT EXPIRATION:

March 31, 2009.

RETROACTIVE AGREEMENT:

Not applicable.

REQUEST FOR PROPOSALS (RFP) PROCESS:

Not applicable.

SOLE SOURCE:

A search for available companies who could potentially provide nuclear medicine services and diagnostic therapeutic services was conducted several years ago. Sole source Agreements with three providers were completed to address the service needs of the Antelope Valley area.

An open competitive solicitation was not conducted for the requested extension of these contracts because the current Contractors who have been providing these services for several years are the best positioned to continue the uninterrupted provision of these critical services in the Antelope Valley area.

FACT SHEET (Cont'd)

Additionally, the shortage of qualified and interested companies in the Antelope Valley area does not support the release and completion of a Request for Proposal process, however the Department plans to prepare and distribute a Letter of Interest to solicit the level of interest that may exist for the provision of these services for the High Desert Antelope Valley area. If the analysis reveals that the existing Contractors are the only available and qualified providers, the Department will initiate a request for Board approval for new sole source Agreements with these Contractors.

The Department has determined that these services do fall under the Proposition A guidelines, however due to the shortage of available providers, are not subject to the Living Wage Ordinance.

LOS ANGELES COUNTY ONLINE WEB SITE:

The planned Letter of Interest will be advertised on the Office of Small Business Countywide Web Site (OSB).

HDHSBoardLtr2007.ks.wpd